



## TNT N.V. Press Pack

### TNT in short

TNT provides businesses and consumers worldwide with an extensive range of services for their mail and express delivery needs. Headquartered in the Netherlands, TNT offers efficient network infrastructures in Europe and Asia and is expanding operations worldwide to maximise its network performance. TNT serves more than 200 countries and employs more than 161,500 people. Over 2007, TNT reported €11 billion in revenues and an operating income of €1,192 million. TNT is officially quoted on the Amsterdam Stock Exchange. TNT recognises its social responsibility and has formed partnerships with the United Nations World Food Programme and the United Nations Environment Programme to fight hunger and pollution in the world. These efforts are being recognised: in 2008, TNT again reached the highest score of all companies included in the Dow Jones Sustainability Index. It also leads the carbon intensive sector in the Carbon Disclosure Project. More information about TNT can be found on its website <http://group.tnt.com>.

### TNT's strategy

#### Corporate

Since the end of 2005, TNT has implemented a strategy called "Focus on Networks". It aims at sustainable growth by managing mail and express delivery networks.

In 2006 and 2007, TNT transformed its foundations, focusing on its core capability: managing express and mail delivery networks. The company sold its logistics and freight management businesses. In the meantime, TNT expanded its capabilities by growing autonomously and through selected acquisitions in emerging countries. It is developing a cross border road network in South-east Asia and South America, as well as domestic road networks in three of the four so-called "BRIC" countries, China, India and Brazil.

Since December 2007, TNT's focus has been to strengthen its core activities (Mail Netherlands and Express Europe) while developing emerging platforms, such as European Mail Networks, parcels, and Express emerging businesses (China, Brazil, India, etc.) TNT's proven track record in continuous cost optimisation and process improvement is intensified leading to more efficient and high quality networks. Further, the sales and marketing capabilities of TNT with its trusted brand will be leveraged through strategic pricing and development of new markets and products.

## **TNT's strategy in express services**

TNT's express division is among the world's largest express operators and the number one in Europe. In 2007, it delivered more than 4.4 million urgent documents, parcels and pieces of freight a week to over 200 countries. With annual revenues over €6 billion, TNT's express division continually expands its road and air networks in Europe, Asia, South-America and the Middle-East, connecting international routes to fast-growing domestic road networks. The division employs 75,000 people, runs 23,400 trucks and flies more than 40 aircraft.

TNT's strategy in express services aims at three goals:

- consolidate the company's number one position in Europe, by optimizing its operational networks and costs
- expand its leadership in China, India, and Brazil
- invest in other selected emerging markets, such as South America, South-east Asia, and the Middle-East

This strategy is underpinned by a strong focus on customer needs, service and interface processes.

Over the past years, TNT's express division has made good progress towards all its strategic goals. In 2007, TNT started flying the first of its two Boeing 747 freighter between Shanghai and Europe. Since early 2008 a stop over in Singapore was added to this route, adding substantially to the network capabilities on the Europe-Asia connection. In 2006, TNT acquired several new growth platforms: TG+ in Spain and Speedage in India. It also signed an equity transfer agreement with China's Hoau, which was completed early 2007. In January 2007, TNT acquired Brazil's largest road-transport company, Mercúrio, thus becoming number one in the fast-growing (15% per year) Brazilian market. It has also reinforced its position in special services by developing same-day business and time-critical freight services.

## **TNT's strategy in mail services**

TNT's mail division is considered one of the world's most efficient postal operators. In its home Dutch market, it delivers 15 million letters and parcels per day under the name TNT Post. A supporter of postal markets liberalization, TNT is strongly expanding in Europe, particularly in Germany and the UK, where it offers business mailers a cost-efficient alternative to former postal monopolies. TNT's innovations to guarantee the future of letters are complemented by data management and e-commerce services. The mail division employs about 85,000 people and had 2007 revenues of more than €4.2 billion.

TNT wants to strengthen its European leadership by maintaining its continuous focus on efficiency and capture growth through new business development and seeking to expand its parcels' activities in Europe. Mail volumes decline in the Netherlands in the face of increasing competition from other postal companies and electronic mails. TNT's mail division has introduced new services to limit the resulting anticipated volume decline of up to 40% by 2015. In December 2006, TNT Post also announced a plan to save €325 million of costs between 2008 and 2015. TNT's European Mail Networks (EMN) is active in Austria, Belgium, the Czech Republic, Germany, Italy, Slovakia and the United Kingdom. TNT Post has thus become the main challenger to Deutsche Post and Royal Mail.

## **Over two centuries of experience**

In its current independent form, TNT was created on 29 June 1998. TNT's roots, however, go a long way. The ancestor of today's Mail division came into existence in 1799 when, following the example of France, the Netherlands' postal services were converted to a national enterprise. The name TNT and TNT's Express division find their origins in Australia. In 1946, Ken Thomas set up his business Thomas Nationwide Transport with just one van. Since then, TNT has grown into a global company with its own air fleet.

## **Taking social responsibility**

Taking social responsibility is an integral part of TNT's practices. These efforts are gaining external recognition. In 2007 and 2008, TNT received the highest score of all companies included in the Dow Jones Sustainability Index, on top of the leading position in the super sector "Industrial Goods and Services," which includes transportation. All TNT's express operations, except for the recently acquired Hoau (China), Speedage (India) and Mercúrio (Brazil), are certified to five standards: Investors in People (training and employee development), ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (health and safety) and SA 8000 (labour standards and personnel rights in non-OECD countries).

The group's corporate social responsibility policy is best expressed by two programs: TNT's six-year partnership with the United Nations World Food Programme (WFP) and "Planet Me", the group's answer to global warming.

## **Working to reduce CO<sub>2</sub> emissions**

Pledging to cut one's CO<sub>2</sub> emissions is often heard these days. But when you are one of the world's largest road and air transport companies, this is no little promise. The transport industry alone produces one fifth of the world's carbon emissions.

In 2007, TNT presented a plan to improve transparency on the company's carbon footprint, reduce CO<sub>2</sub> emissions from its operations, and stimulate the group's 161,500 employees to do

the same in their private lives. The program is called "Planet Me". Firstly, TNT is installing a certified system to measure, report and manage its CO<sub>2</sub> emissions. Secondly, the company is implementing CO<sub>2</sub> reduction initiatives in its eight most important operational areas: aviation, buildings, business travel, company cars, partnering with customers, operational fleet, procurement, and investments. Thirdly, the program stimulates employees to use less energy at home and on the road.

The express division fully takes part in this company-wide initiative. Examples of actions include:

- Cutting travel expenses by 20% (a saving of €3.2m a year, which covers the €2.8m spent on installing state-of-the-art desktop video-conferencing systems).
- Optimizing the company's road networks to drive less kilometers and avoid driving empty trucks or vans. In 2008, TNT's express division started implementing a new road network planning system in Europe, enabling TNT sites to exchange information on the available transport capacity and avoid empty kilometers. It adds up to TNT's existing tools to optimize routing.
- TNT launched a global drivers competition in 2008 to increase awareness amongst the ten-thousands of own drivers and sub-contractors to engage and encourage them to drive both safely and more fuel efficiently. The international competition is called Drive Me Challenge. With the Drive Me Challenge TNT expects to improve the overall fuel efficiency of its vehicle fleet with about 5%, a potential CO<sub>2</sub> savings of about 15 kilotonnes.
- Encouraging technological innovations in vehicles. For instance, TNT's express division has ordered fifty 7.5 ton zero-emission electric vehicles for its UK, inner-city operations. The battery-driven Newton truck from Smith Electric Vehicles is exempt from the London congestion charge, and incurs no road tax. It costs just GBP25 a week to recharge the battery, as opposed to GBP 110 spent on fuel for a diesel vehicle. TNT expects it to outperform the operational life of a diesel equivalent, returning a seven-year operating life.
- Exploring opportunities in bio-fuels, hybrids, bio-gas and hydrogen related technologies. For example, TNT's express division in April 2007 launched a pilot project in India to use bio fuel for its delivery vehicles. The initial phase saw specially trained drivers run three bio fuel trucks between Pune, Nasik and Bangalore, covering a total of 45,000 kilometres per month. Routes and driving times are optimised to further reduce carbon emissions. The project proved efficient; TNT has decided to operate twenty more bio fuel trucks.
- Taking actions to mitigate emissions from the group's air fleet, such as: working with the Liege airport to optimize the planes' departures; using aircraft and engine water wash, a method for cleaning aircraft engines that improves their fuel performance. Nonetheless, only groundbreaking aviation technologies can allow significant reductions of aviation emissions.
- Giving customers a tracker to show CO<sub>2</sub> emissions of the services they are buying.

### **Fighting hunger and supporting emergency relief logistics**

TNT has supported the United Nations World Food Programme (WFP), the world's largest humanitarian aid agency, since 2002. Each year, WFP provides food to an average 90 million people in about 80 countries. Over the past five years, TNT has contributed €29.4 million to WFP operations, not including TNT employees' contribution of €9 million. In 2007 alone, TNT invested €5.6 million in its partnership. Employee fundraising provided an additional €1.6 million.

TNT's contribution includes knowledge transfer, awareness campaigns, and fundraising projects. Moreover TNT provides hands-on support (transport, warehousing, and personnel) to WFP in countries hit by disaster. In 2007, TNT sent some employees to Mozambique, Nicaragua, Sudan and Bangladesh to help respond to emergencies.

TNT also initiated a partnership with UPS and Agility Logistics to deploy joint "Logistics Emergency Teams" in countries hit by major natural disasters. They will act upon request of the United Nations Global Logistics Cluster, a group of humanitarian agencies led by WFP.

TNT sponsors the World Press Photo, an independent non-profit organization, which arranges the world's largest annual press photography contest as well as traveling photo exhibitions. The shown images are chosen for their powerful depiction of world issues and events. The profound impact of the exhibit has transformed the World Press Photo into an independent platform for photojournalism. The World Press Photo contributes to a better exchange of information worldwide.

## TNT in numbers

TNT N.V.	at 31 Dec. 2007
Employees	161,500
Countries with company-owned operations	64

EXPRESS OPERATING STATISTICS	at 31 Dec. 2007
Countries served	200
Consignments (in thousands)	228,199
Tons carried	7,390,779
Depots and hubs	2,331
Vehicles (including leased or subcontracted ones)	26,760
Aircraft (including leased or subcontracted ones)	47

MAIL OPERATING STATISTICS	at 31 Dec. 2007
Addressed postal items delivered by Mail Netherlands per delivery day	15,000,000
Postal volumes by Cross-border (tons)	88,783
Addressed postal items delivered by EMN in 2006	1,621,000,000
Vehicles (including leased or subcontracted ones)	4,389
Mail distribution depots in the Netherlands	456
Mail service points in the Netherlands	2,350
Countries served by EMN (European Mail Networks) besides the Netherlands	7

## 2007 Full Year Results

€ million	FY 2007	FY 2006	Change
Revenues	11,017	10,060	9.5%
Operating income (EBIT)	1,192	1,276	-6.6%
Profit from continuing operations	783	828	-5.4%
Profit from discontinued operations	206	(157)	
Profit attributable to the shareholders	986	670	47.2%

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